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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

KRISTIN K. MAYES - Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP

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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

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JAN 12 2009

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IN THE MATTER OF THE APPLICATION OF
VALLEY UTILITIES WATER COMPANY, INC.
FOR AN INCREASE IN ITS WATER RATES
FOR CUSTOMERS WITHIN MARICOPA
COUNTY.

DOCKET NO. W-01412A-08-0586

RATE CASE
PROCEDURAL ORDER

BY THE COMMISSION:

On December 2, 2008, Valley Utilities Water Company, Inc. ("Valley Utilities") filed with the Arizona Corporation Commission ("Commission") an application for a permanent increase in its water rates for its customers in Maricopa County. Specifically, Valley Utilities requests authorization to increase its rates to generate an additional \$323,457 in annual revenues, approximately a 26.7% increase over its reported test year revenues of \$1,209,703. In its application, Valley Utilities used a test year of July 1, 2007, through June 30, 2008, as required by Commission Decision No. 70138 (January 23, 2008), which also granted Valley Utilities an interim emergency surcharge; ordered Valley Utilities to file an application for permanent rate relief by December 1, 2008; and authorized Valley Utilities to issue long-term debt in an amount not to exceed \$250,000.

On January 6, 2009, the Commission's Utilities Division Staff ("Staff") issued a Letter of Sufficiency stating that Valley Utilities' application has met the sufficiency requirements outlined in Arizona Administrative Code ("A.A.C.") R14-2-103 and that Valley Utilities has been classified as a Class B utility.

Pursuant to A.A.C. R14-2-103 and R14-3-101 et seq., the Commission now issues this Procedural Order to govern the preparation and conduct of this proceeding.

IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matter shall commence on **September 15, 2009, at 9:30 a.m.**, or as soon thereafter as is practicable, at the Commission's offices, Hearing Room #1, 1200 West Washington, Phoenix, Arizona 85007.

1 **Additional hearing dates** shall proceed on **September 16 and 17, 2009, at 9:30 a.m.**, in Hearing
2 Room #1, if necessary.

3 IT IS FURTHER ORDERED that a **prehearing conference** shall be held on **September 11,**
4 **2009, at 10:00 a.m.**, or as soon thereafter as is practicable, at the Commission's offices, **Room 100,**
5 **1200 West Washington, Phoenix, Arizona 85007.**

6 IT IS FURTHER ORDERED that the **testimony and associated exhibits** to be presented at
7 hearing by **Staff** shall be reduced to writing and filed on or before **July 6, 2009.**

8 IT IS FURTHER ORDERED that the **testimony and associated exhibits** to be presented at
9 hearing by an **intervenor** shall be reduced to writing and filed on or before **July 6, 2009.**

10 IT IS FURTHER ORDERED that the **rebuttal testimony and associated exhibits** to be
11 presented at hearing by **Valley Utilities** shall be reduced to writing and filed on or before **August 3,**
12 **2009.**

13 IT IS FURTHER ORDERED that the **surrebuttal testimony and associated exhibits** to be
14 presented at hearing by **Staff or intervenors** shall be reduced to writing and filed on or before
15 **August 24, 2009.**

16 IT IS FURTHER ORDERED that the **rejoinder testimony and associated exhibits** to be
17 presented at hearing by **Valley Utilities** shall be reduced to writing and filed on or before **September**
18 **8, 2009.**

19 IT IS FURTHER ORDERED that any **objections to testimony or exhibits that have been**
20 **prefiled as of September 8, 2009, shall be made before or at the September 11, 2009, prehearing**
21 **conference.**

22 IT IS FURTHER ORDERED that **each party shall individually prepare, and bring to the**
23 **prehearing conference, copies of an issues matrix setting forth all disputed issues in the case.**
24 **Each party's matrix shall indicate the position of each party on each disputed issue and shall**
25 **indicate whether the issue remains in dispute or has been resolved and, if it has been resolved,**
26 **in what manner.**

27 IT IS FURTHER ORDERED that all **testimony** filed shall include a **table of contents** listing
28 the issues discussed therein.

1 IT IS FURTHER ORDERED that all **filings shall be made by 4:00 p.m. on the date the**
2 **filing is due**, unless otherwise indicated herein.

3 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to
4 prefiled testimony shall be reduced to writing and filed no later than **noon on September 11, 2009**.

5 IT IS FURTHER ORDERED that the parties shall prepare a brief written **summary** of the
6 prefiled testimony of their witnesses and shall file each summary by **noon on September 11, 2009**.

7 IT IS FURTHER ORDERED that copies of the summaries shall be served upon the
8 Administrative Law Judge, the Commissioners, the Commissioners' Advisors, and the parties of
9 record.

10 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-
11 105, except that all motions to intervene must be filed on or before **June 1, 2009**.

12 IT IS FURTHER ORDERED that any **objections to intervention** shall be filed on or before
13 **June 22, 2009**.

14 IT IS FURTHER ORDERED that any motions filed in this matter that are not ruled upon by
15 the Commission within 20 calendar days of the filing date of the motion shall be deemed denied.

16 IT IS FURTHER ORDERED that any responses to motions shall be filed within five calendar
17 days of the filing date of the motion.

18 IT IS FURTHER ORDERED that any replies shall be filed within five calendar days of the
19 filing date of the response.

20 IT IS FURTHER ORDERED that Valley Utilities shall provide public notice of the hearing in
21 this matter, in the following form and style, with the heading in no less than 16-point bold type and
22 the body in no less than 10-point regular type:

23 ...

24 ...

25 ...

26 ...

27 ...

28 ...

PUBLIC NOTICE OF HEARING ON THE APPLICATION OF VALLEY UTILITIES WATER COMPANY, INC. FOR AN INCREASE IN ITS WATER RATES FOR CUSTOMERS WITHIN MARICOPA COUNTY.
(Docket No. W-01412A-08-0586)

Summary

On December 2, 2008, Valley Utilities Water Company, Inc. ("Valley Utilities"), filed with the Arizona Corporation Commission ("Commission") a Rate Application requesting an increase in its current rates and charges. With this rate application, Valley Utilities requests authorization to increase its rates to generate an additional \$323,457 in annual revenues, approximately a 26.7% increase over its reported test year (ending June 30, 2008) revenues of \$1,209,703. The rate application requests an increase in monthly minimum service charges, in commodity charges for metered customers, in service line and meter installation charges, and in some service-related charges. The application shows that a residential customer served by a ¾" meter, with an average usage of 9,531 gallons per month, would see a monthly bill increase of \$10.06, from \$36.46 to \$46.52, or 27.6%. Valley Utilities states that the increase is needed to provide it with sufficient cash flow to pay for its operating expenses, expected capital improvements, and annual debt service coverage for loans obtained to construct arsenic treatment facilities and for an emergency replacement well.

The Commission's Utilities Division Staff ("Staff") is in the process of auditing and analyzing Valley Utilities' records and has not yet made a recommendation regarding the rate application. The Commission will determine the appropriate relief to be granted based on the evidence of record in the proceeding. The Commission is not bound by the proposals made by Valley Utilities, Staff, or any intervenors; therefore, the final rates approved may differ from the rates requested by Valley Utilities.

How You Can View or Obtain a Copy of the Rate Proposal

Copies of the application and proposed rates are available at Valley Utilities' offices [COMPANY INSERT ADDRESS HERE] and at the Commission's Docket Control Center at 1200 West Washington, Phoenix, Arizona, for public inspection during regular business hours, and on the Internet via the Commission's website (www.azcc.gov) using the e-Docket function.

Arizona Corporation Commission Public Hearing Information

The Commission will hold a hearing on this matter beginning **September 15, 2009, at 9:30 a.m.**, at the Commission's offices, Hearing Room #1, 1200 West Washington Street, Phoenix, Arizona. Public comments will be taken on the first day of the hearing. Written public comments may be submitted by mailing a letter referencing Docket No. W-01412A-08-0586 to Arizona Corporation Commission, Consumer Services Section, 1200 West Washington, Phoenix, AZ 85007, or by e-mail. For a form to use and instructions on how to e-mail comments to the Commission, go to http://www.azcc.gov/divisions/utilities/forms/public_comment.pdf. If you require assistance, you may contact the Consumer Services Section at 1-800-222-7000 or 602-542-4251.

About Intervention

The law provides for an open public hearing at which, under appropriate circumstances, interested parties may intervene. Any person or entity entitled by law to intervene and having a direct and substantial interest in the matter will be permitted to intervene. If you desire to intervene, you must file a written motion to intervene with the Commission no later than **June 1, 2009**. You must send a copy of the motion

1 to intervene to Valley Utilities or its counsel and to all parties of record. Your motion
2 to intervene must contain the following:

- 3 1. Your name, address, and telephone number and the name, address, and
4 telephone number of any party upon whom service of documents is to be made,
5 if not yourself;
- 6 2. A short statement of your interest in the proceeding (e.g., a customer of Valley
7 Utilities, etc.); and
- 8 3. A statement certifying that you have mailed a copy of the motion to intervene
9 to Valley Utilities or its counsel and to all parties of record in the case.

10 The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except
11 that all motions to intervene must be filed on or before June 1, 2009. If representation
12 by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court,
13 intervention will be conditioned upon the intervenor's obtaining counsel to represent
14 the intervenor. For information about requesting intervention, visit the Commission's
15 website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of
16 intervention, among other things, entitles a party to present sworn evidence at the
17 hearing and to cross-examine other witnesses. However, failure to intervene will not
18 preclude any interested person or entity from appearing at the hearing and providing
19 public comment on the application or from filing written comments in the record of
20 the case.

21 **ADA/Equal Access Information**

22 The Commission does not discriminate on the basis of disability in admission to its
23 public meetings. Persons with a disability may request a reasonable accommodation
24 such as a sign language interpreter, as well as request this document in an alternative
25 format, by contacting the ADA Coordinator, Linda Hogan, at LHogan@azcc.gov,
26 voice phone number (602) 542-3931. Requests should be made as early as possible to
27 allow time to arrange the accommodation.

28 IT IS FURTHER ORDERED that, by **March 1, 2009**, Valley Utilities shall **mail to each**
current customer a copy of the above notice and cause the above notice to be **published in a**
newspaper(s) of general circulation in its service territory.

IT IS FURTHER ORDERED that Valley Utilities shall file **certification of mailing and**
publication as soon as practicable after the mailing and publication has been completed, but **no later**
than **April 1, 2009**.

IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing/publication
of same, notwithstanding the failure of an individual to read or receive the notice.

IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules
of the Arizona Supreme Court and A.R.S. § 40-243 with respect to the practice of law and admission
pro hac vice.

IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance

1 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
2 rules of the Arizona Supreme Court). Representation before the Commission includes the obligation
3 to appear at all hearings, prehearing conferences, procedural conferences, and Open Meetings at
4 which the matter is scheduled for discussion, unless counsel has previously been granted permission
5 to withdraw by the Administrative Law Judge or the Commission.

6 IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized
7 Communications) applies to this proceeding and shall remain in effect until the Commission's
8 Decision in this matter is final and non-appealable.

9 IT IS FURTHER ORDERED that the time periods specified herein shall not be extended
10 pursuant to Rule 6(a) or (e) of the Rules of Civil Procedure.

11 IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive
12 any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

13 DATED this 12th day of January, 2009.


14
15 
16 SARAH N. HARPRING
ADMINISTRATIVE LAW JUDGE

17 Copies of the foregoing mailed/delivered
18 this 13th day of January, 2009, to:

19 Patrick J. Black
20 FENNEMORE CRAIG, P.C.
21 3003 North Central Avenue, Suite 2600
Phoenix, Arizona 85012
Attorney for Valley Utilities Water Company, Inc.

ARIZONA REPORTING SERVICE, INC.
2200 North Central Avenue, Suite 502
Phoenix, Arizona 85004-1481

22 Janice Alward, Chief Counsel
23 Legal Division
ARIZONA CORPORATION COMMISSION
24 1200 W. Washington Street
Phoenix, Arizona 85007

By: 
Debra Broyles
Secretary to Sarah N. Harpring

25 Ernest Johnson, Director
26 Utilities Division
ARIZONA CORPORATION COMMISSION
27 1200 W. Washington Street
Phoenix, Arizona 85007
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